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THE ROLE OF FEDERAL AND STATE AGENCIES IN MEETING
NEEDS OF A DYNAMIC FRUIT AND VEGETABLE INDUSTRY

(Remarks by Floyd F. Hedlund ²1/ before the National Marketing
Service Workshop at Louisville, Kentucky, November 10, 1964)

Those of us who work in the marketing service field--both at the Federal and State level--are prone to pat ourselves on the back and point to the extensive array of services available to aid growers, shippers, processors, and distributors to do a better job of marketing. You are familiar with these services--most of which are carried out on a cooperative basis by the State and Federal agencies.

We point with pride to the Crop Reporting Service, the Market News Service, the Standardization and Inspection services, and the many regulatory programs. We think we are doing a pretty good job of controlling quality, regulating flow to market, and improving practices under the many marketing order programs operated in accordance with Federal and State statutes. We believe the Department's Vegetable Acreage-Marketing Guides program is helping growers do a better job of planning their plantings. And we have high hopes for the assistance extended to farmers' marketing and bargaining co-operatives by the Department's Farmer Cooperative Service.

But, are we really doing such a bang-up job, or are we inclined to operate in a sort of dream world, content to continue tomorrow what we did yesterday?

We know that the continuing changes in the production and marketing of fruits and vegetables are creating new problems for growers, shippers, and distributors. We have heard much about these changes here at this Marketing Service Workshop and elsewhere. Predictions are rampant, and I have done my share of preaching about keeping up with the world. Today's needs and problems are different. It is quite probable that services developed to meet yesterday's needs may no longer fit today's marketing structure. We are moving at a faster and faster pace and yesterday's schedule simply won't do.

Today, therefore, let's analyze some of our marketing service activities and see if we are really doing an adequate job. Sometimes I think we are too ready to settle for the tried and the proven. Rather than venture, we dwell on the problems of yesterday, neglectful of the needs of today and the impatient future.

First, let's look at crop reporting--a very necessary service. For several years, the Statistical Reporting Service of USDA and the State cooperating agencies have been working to improve the sampling of farms to assure greater accuracy in crop and livestock reports. As marketing has become more complex, we have become more aware of the inadequacies of some crop estimates.

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For instance, in the fruit and vegetable field, we have become more aware of the need for additional fruit tree censuses--as essential benchmarks for crop estimating. Through the Matching Fund Program and in cooperation with the Statistical Reporting Service, many States have taken steps in this direction by conducting tree counts. Yet, there is still much of this type of work that needs to be done. It is a job that never ends. Moreover, the counts must be redone periodically, or a system developed to revise them annually.

Other crop reporting improvements have included better and more detailed potato utilization statistics, addition of bushberry production estimates, a technique for making up-to-the-minute raisin lay estimates, and the addition of new commodity classifications and subclassifications in the monthly cold storage report.

These are very real accomplishments. But we can't stop there. For example, we need potato production estimates showing at least three classifications--round whites, round reds, and long varieties. There has been some demand for further refinement of the potato storage report, showing the composition by grades of potatoes remaining in storage. Information on apple production by varieties would be helpful. An experimental project is now being conducted in Michigan on this very subject. Christmas tree surveys have been undertaken in a couple of States, giving an inventory of the number of trees by age and variety. The objective sampling work that has been done on estimating tree nut production is an excellent example of joint industry, State, and Federal cooperation to meet a special need.

Experimentation is underway to determine whether further use can be made of aerial photography, particularly in determining acreages of various crops. A few years ago, Florida tomato growers insisted that they needed a special report showing the plantings of tomatoes by weeks as well as by specific areas. A cooperative project was started, which Texas joined soon thereafter. Today, this report is considered one of the real accomplishments of crop reporting. There is no reason why other fruit and vegetable industries can't do likewise. It takes push, especially at the grass roots, and we can't await a crisis to get started.

Our Federal-State Market News Service is one of the oldest cooperative services, and next year we will celebrate its 50th anniversary. This Service is free to users and supported entirely by appropriations. While much has been done over the years to modernize this service, I sometimes feel that some things are still being done the way they were 50 years ago.

Over the years, the Market News transportation reports have been changed to reflect the growing volume of the truck movement of fresh fruits and vegetables--which today accounts for well over half the total movement. In many States, data on truck shipments are now being collected. But there are many places where we need data on truck shipments, but still do not have it. If we are willing to pay the costs more truck shipment data can--and should--be collected.

The daily information on truck and rail unloads in the 41 principal terminals, as well as the special weekly summaries of this data for dissemination in the major shipping areas, is a valuable addition to the information available to growers and sales agencies. We have tried time after time to obtain increased funds to enlarge this coverage to perhaps 65 or 66 cities or more. But we get nowhere, largely because we have not received sufficient grass roots support. This additional service must be obtained by the users of the service.

The Market News Service also has been shifting reporting emphasis to give greater attention to shipping point markets. This reflects the increasing volume of direct purchases by large-scale retailing organizations. Additional reporting offices have been opened in production areas, and many of these offices are operating for a longer period to give more complete coverage during the season. We have more requests to open additional offices than we have funds to match with State agencies who are eager to cooperate.

In spite of the changing marketing patterns for fruits and vegetables, we have not closed out any of our Market News offices on the terminal markets. One might ask if we are justified in maintaining all these offices. A partial answer is that in over half of these terminals our reporters have added to their regular duties the reporting of one or more shipping point markets. In these instances, the producing areas were close enough to the terminals so that the reporting could be handled at less cost than by setting up separate offices.

Still, there remains the question, what is our obligation to continue providing terminal market news reports, even though the share of the total volume of fresh fruits and vegetables moving through terminals may be declining? How does one determine when the volume becomes sufficiently small to justify curtailing or discontinuing service? Or, should we consider an entirely new type of service to growers and shippers--such as reporting prices at retail, rather than at wholesale, or both?

Most price reporting in production areas is for a graded, packaged product on an f.o.b. basis. Generally speaking, there is little reporting of prices to growers. Is there a need for more reporting of grower prices, especially those paid for products for processing? Over half of the total fruit and vegetable crop goes into processing outlets, and this proportion is increasing each year. In a few areas, we have been reporting the volume of fruits or berries utilized by processors as the season progresses. This has proved to be a very valuable and popular service. Should we be doing this same kind of reporting for other commodities, particularly some of the vegetable crops?

On the whole, I think we do a better job of reporting prices than we do of reporting shipments and arrivals or unloads. I am convinced that we should improve our reporting of shipments and receipts at terminals--both rail and truck. Our ultimate goal should be to make available a report every morning of every working day giving total rail and truck shipments from all shipping points, plus arrivals at all important terminals, track holdings, volume en route, and, of course, prices of each item at both the production and the receiving ends.

We get needled a lot about the large number of mimeographed fruit and vegetable market news reports that we distribute in a year--some 9 million copies. Mailing these reports costs a lot of money--in fact, nearly 15 percent of our total expenditure for fruit and vegetable market news goes for postage. Some of the other commodity market news services have substantially reduced the number of copies of mimeographed reports they issue, with corresponding postage savings, by broader utilization of radio, T.V., phone recorders, and newspapers. Have we gone as far in this direction as we can? In some areas and for some commodities could we eliminate mimeographed reports altogether? In others we certainly should be able to lessen the frequency of mailings. But in a few instances where we have suggested this course, we have not had the support of our cooperating State agencies. Why shouldn't we move in this direction?

Another of our well known marketing services is the cooperative Federal-State Inspection Service for fresh fruits and vegetables. This is perhaps the most integrated Federal-State arrangement we have in fruit and vegetable marketing services. The inspectors are State employees; they are Federally licensed and Federally supervised. The State sets the fees and handles the money. Through this activity, growers, shippers, processors, and buyers throughout the country are provided impartial, official inspection and certification as to grade and condition. This service includes inspection of fresh market shipments, as well as raw products for processing.

Inspections of fresh market shipments in producing areas have declined during the last couple of years--largely because of unfavorable weather which reduced crop volume. Viewed from a longer perspective, the Inspection Service has been losing ground on the volume of some important crops which are inspected at shipping point, such as Western lettuce. We have analyzed and studied this situation, but we don't know the answer. Is it because the U. S. grade standards no longer fit the quality of product being traded? Is it because a different basis of sale is being used? Is it because of changes in marketing channels? Is it the cost? Or, is it simply that we are not providing a service at the time and place it is needed? This is something to which we must give more attention.

The volume of raw products for processing that were inspected also declined this past season, again due in part to the effects of unfavorable weather. However, the volume of our inspections of fruits and vegetables for processing has steadily increased over the years. With the record number of grower bargaining groups negotiating with processors over the terms and conditions of sale, there is an increasing need for an impartial, third-party inspection service to examine deliveries for compliance with contracts.

We need to put more imagination and resourcefulness into improving this service. Processing techniques are rapidly becoming more complex, and processors more exacting in their quality control efforts. This is reflected in their raw product specifications. Our inspectors, therefore, are called upon to make more precise quality determinations on incoming commodities. Frequently, human judgment is no longer adequate, and more objective determinations are required. Some steps have been taken in this direction, but we have only scratched the surface.

A few years ago, the great majority of Idaho potatoes went to the fresh market. Each year an increasing proportion of the crop has been taken by processors, until now, about 60 percent is processed. This has resulted in a drastic change in the time, place, and character of potato inspection. The Federal-State Inspection supervisor in Idaho successfully demonstrated to the processors the value of grade standards and impartial inspection in connection with grower-processor contracts. An effective inspection procedure was developed to fit the need. This included the establishment of central grading stations, specially built grading tables, and automatic sampling devices. It has required the training each year of a large force of inspectors and sorters, many of whom are women, to handle the large volume of inspection which comes at harvest time. A byproduct of this inspection program was the development of the U. S. Standards for Grades of Potatoes for Processing.

Inspection of tomatoes for processing is also a large and growing operation. Many of you may be familiar with the new type inspection service available for tomatoes for processing. This new service combines objective measurement of color with a method for determining the percent of usable tomatoes in a load. Color measurement is handled with an electronic colorimeter. An entirely new grade standard has been written incorporating this method.

These are two illustrations of what can be done if we put forth sufficient effort. The need exists. It is up to us to find similar opportunities to provide improved service in other areas, and for other commodities.

A different kind of problem exists with respect to inspection of fresh fruits and vegetables in terminal markets. Service in most of the larger markets is provided on a straight Federal basis, and in many of the smaller markets on a cooperative Federal-State basis. We have been having a hard time making some of these terminal offices pay their way, because the volume of inspection business has not been sufficient to carry the load. On the other hand, inspections in other markets have increased. We have reduced inspection personnel in some markets and many terminals are now one-man operations.

Perhaps we have not told our story well enough, or to the right people. The answers are not always immediately apparent. We have a few markets where States assist in financing terminal inspection operations in order to maintain the service. And, we use collaborators in a number of markets. If help is not forthcoming, however, either from the States or the users themselves, it may be necessary to close some terminal inspection offices.

Still another type of inspection service for fresh fruits and vegetables--introduced within the past few years at both terminals and shipping points--is Continuous Inspection. Although originally designed to aid packers who pack in consumer-size containers, it may be used by those who pack in any size container.

Continuous Inspection means that inspectors are assigned to a packing plant during the full time that packing operations are in progress. The inspector may check incoming deliveries for compliance with purchase specifications. He observes the preparation and packing of the product, makes frequent quality checks of the commodity from the packing lines, and examines samples of the packed product to determine whether it meets the U.S. grade or other specifications to which it is being packed.

This service is offered on a contract basis, and only to packers whose plants and facilities meet rigid sanitary requirements. Products packed under this program, and in compliance with the grades, may be labeled with official USDA marks. These include the Government shield with the legend "Packed under Continuous Inspection of the U. S. Department of Agriculture" and, if the packer desires, the appropriate U. S. grade.

As more and more of our foods--for example, poultry, eggs, beef, and dairy products--are being marketed with these shields and labels, there is increasing consumer recognition of the symbols. This adds to their value as marketing aids for fresh fruits and vegetables. But it is a slow process, and we have been criticized by some potential users of the service because we have not made consumers fully aware of the U. S. grades. This problem works both ways, however. Until more prepackaged fresh fruits and vegetables bearing the symbols and grade marks are available in the stores, it is hard to educate consumers to their value.

In the fruit and vegetable arena there are a number of statutes which we lump under the heading of "regulatory programs." These include the Perishable Agricultural Commodities Act, the Produce Agency Act, the Standard Container Acts, the Export Apple and Pear Act, and the Export Grape and Plum Act. Each of these is important in its own area.

The export fruit acts provide minimum quality standards, as well as inspection requirements, for apples, pears, grapes, and plums exported from the United States. They are administered with a minimum of fuss or concern.

The Standard Container Acts, passed by Congress in 1916 and 1928, establish certain standard sizes for containers used in marketing fruits and vegetables on the basis of volumetric measure. Industry-wide, one might conclude that these statutes are outdated because so many other types of containers not subject to regulation have come into widespread use. But in certain areas and for particular commodities, they continue to be supported by the industries involved.

The Produce Agency Act relates to all items of farm produce, including fruits and vegetables, poultry, eggs, dairy products, cut flowers, etc. It applies only to commission merchants, and requires correct accounting and prohibits dumping of a consigned product without just cause. It is a criminal statute, and only a relatively few cases arise under this Act each year.

The "fair trade practice act" in the fruit and vegetable industry is the Perishable Agricultural Commodities Act. It was passed by Congress in 1930. The PAC Act requires all dealers, brokers, and commission merchants who handle fresh or frozen fruits and vegetables in interstate or foreign commerce to be licensed. The annual license fee pays for the administration of the statute. It is not a policing statute, but operates upon the basis of complaints only. Some two to three thousand complaints are handled each year. Most are settled on an informal basis, though some three to four hundred cases a year require formal adjudication.

One of the most annoying violations of the PAC Act, and one in which I think the States can be particularly helpful, is misbranding. Under the Act, it is unlawful to misrepresent in any manner any perishable agricultural commodity in interstate or foreign commerce. The PAC Act does not require that a package be labeled, but if it is labeled, the information given must be accurate.

In administering this provision of the law, we spot check produce in the marketing channels. Most of these checks are conducted in the terminals because of the wide variety of commodities available and the large number of shipping areas represented. Supplemental checks are made in producing areas to the extent that resources permit. Obviously, the number of spot checks we can make each year is limited, since the cost of all activities carried on under the PAC Act must be financed from the annual PACA license fees. In all of this work, however, we have had excellent cooperation from our counterpart officials in the various States.

During the past year, PACA representatives visited 883 firms and examined 3074 lots of produce. In the terminals visited last year, 73 misbranding violations were disclosed, and 26 misbranded lots were found in shipping areas. In all of the latter cases the shippers corrected the misbranding prior to shipment. The most common violations are failure of the produce to comply with the grade marked on the package and short weight.

When misbranded lots are discovered in the terminal markets, the produce must be regraded if it fails to make the grade or size marked; repackaged if it is short weight, or the label must be corrected. For repeated and flagrant violations of the misbranding provisions of the Act, the penalty is suspension or revocation of the guilty party's PACA license. However, the Act does not provide for licensing of growers who pack and sell their own produce exclusively. Consequently, for them the penalty is meaningless.

Many States also have licensing and labeling laws which apply to fresh fruits and vegetables. How do you go about enforcing these laws? How many people are assigned to this activity? Are you and we doing all that we should in this field? Should we be doing more educational work? Is there some better way to attack the problem?--for sometimes it seems to me we are spinning our wheels.

One suggestion for reducing or eliminating misbranding is to prohibit the use of an official grade designation on any produce that has not been inspected by a Federal-State or Federal inspector and certified as meeting the grade marked. Both NASDA and NAMO at their recent annual meetings have formally recommended that the Department take action along these lines.

For nearly 50 years, State and Federal agencies have worked together in a highly successful arrangement to provide the marketing services--inspection, standardization, market news, and regulatory programs--needed by the fruit and vegetable industry. We like to think that the marketing system has worked better than it would have without these services.

Today, though, we are face to face with a different situation. The system these services were designed to serve has changed--changed drastically. It seems to me that our paramount job now is to re-examine our marketing services to see if they are still adequate to do the job. If not, we must revamp them, change them, or re-orient them to fit the needs of the marketing mechanism of today and tomorrow.

There are those who are much concerned that the large chain distributors may become the dominant factors in the entire food industry, taking over control of processing facilities and even reaching back to the farm itself. On the other side, there are some farm groups who advocate acquisition of food distribution outlets. Is there anything we in the Federal or State Departments of Agriculture should be doing to discourage these developments? Or should we facilitate them? What should our position be regarding the relationship of our marketing service and regulatory programs to these developments?

We have never been afraid of change in this country. In fact, much of our greatness arises from our willingness to accept change and to be out in front. We must continue to do so. Only through this kind of attitude and approach can we continue to have a viable, strong, and useful marketing service program.

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YEARS OF CHALLENGE

(Remarks by Floyd F. Hedlund^{1/} at the Annual Meeting of the Vegetable Growers Association of America, Cincinnati, Ohio, December 8, 1964)

I am happy for the opportunity to be with you here today at the 56th annual meeting of the Vegetable Growers Association of America. Few associations can boast of such a long history of service to their members. Organized originally by a group of greenhouse growers around Cleveland, Ohio, your association has grown over these 56 years until now, I understand, you include 40 affiliated associations with members in all parts of the country. This is indeed an impressive record, but in the course of human history these are but days of our years.

Prosperous, strong, challenged--these words describe America of the 1960's. Her people enjoy a higher standard of living than ever before. Her agriculture and industry employ the riches of America's technological resources and manpower. Millions of the world's people look to her for leadership, while others challenge her ability to maintain economic pre-eminence in an era of change.

This country is on the move, and farmers are on the move. During the life of your association, we have witnessed greater advances than have occurred in any period in our history. We have changed from a predominantly agricultural society to a predominantly urban society. Population has more than doubled. But, even with vastly fewer people on farms, there is, happily, no question concerning ample food supplies. A virtual revolution in agricultural production, marketing and transportation has made this possible.

Farming, as you are well aware, has become big business. Last year, the average value of production assets per U. S. farm was \$51,472, three times as much as it was in 1950. Moreover, with modern equipment and know-how, the U. S. farmer has doubled his output per man-hour in a little over 10 years. In fact, during the whole post-war period, productivity per man-hour in farming has increased at an annual rate of 5.6 percent--twice the growth rate of output per man-hour in other segments of our economy. It has meant that we are able to produce more food and fiber on fewer and fewer acres with less and less labor. One effect is that there are about a million and a half fewer farms today than there were in 1954. And, our farms have become larger and larger.

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With this phenomenal abundance of foodstuffs, the average American family today pays less than 19 percent of its spendable income for food--less than ever before and far less than consumers in any other nation pay for their food. Why then, many farmers ask, is it harder to earn a decent income as their efficiency rises? Why is it that today farmers receive little more than one-third of every food dollar spent by the consumer, compared with one-half of every dollar spent only 13 years ago?

The fact is that the structure of our food marketing mechanism has been undergoing fundamental changes, particularly in the years since the end of World War II. The impact of these changes has not been the same upon all segments of the marketing structure--from growers to consumers. And the rapidity with which they have come about has brought many stresses and strains.

Basic to most of these changes has been the rise of the modern supermarket, with its average of 6,000 to 8,000 items on display, its nearly 100 employees, and its annual gross business of \$1-\$3 million. You trade there and I trade there and, as consumers, we both like the modern cleanliness, the spaciousness, the air-conditioning, the variety, and the competitive prices we find there.

But the growth of the supermarket and its mass merchandising technique have greatly altered the food marketing structure. For every five grocery stores in operation in 1958, there are only four today, while the sales volume per store has increased by 50 percent during this period. Moreover, the management of food retailing has been concentrated into fewer and fewer hands--both by corporate mergers and by affiliation of independent stores into groups in order to gain the economies of scale. Approximately 90 percent of the retail food volume is handled by organizations with centralized procurement and warehousing facilities. Sometimes the wholesaler and retailer are indistinguishable.

This system--with its demands for large quantities of uniform quality products--sets up requirements that are difficult for many to meet. Some people have been squeezed out in the process. But our competitive system has always worked in this manner. The birth of the new, and the pressure upon the old have always been elements of a competitive, free-choice and profit-motivated system. Always, we have had to weigh present or potential benefits of increased efficiency against the dangers of constricting competitive freedom.

This, then, is what led President Johnson to recommend, and the Congress to establish the bipartisan National Commission on Food Marketing to study the food industry from the farm to the consumer. The Commission will be addressing its attention to such questions as: (1) What actual changes have occurred in the size, concentration and business relationships of food marketing firms? (2) What will the food industry be like in the

future if present trends continue? (3) Will this food industry structure be consistent with the national long-run interest? (4) If not, what kind of food marketing system do we want? This proposal calls for an extremely broad look at not just one segment of the food industry but also the nature, causes, and effects of changes that have swept the entire farm and food marketing system in the post-war years.

These are questions to which all of us need to give a great deal of thought, because we are all so intimately involved. They affect our status and our livelihood in this competitive struggle. Most of all, it is important to be aware of the direction things are moving. On several points of economic activity, I have found helpful the recent Twentieth Century Fund Survey, "U.S.A. and Its Economic Future." It cites many interesting facts and conclusions. For example, by 1975, population is expected to be up about 25 percent to a total of 235 million people. Gross National Product should reach an annual rate of nearly a trillion dollars compared with \$620 billion this year. Personal incomes are forecast to be \$729 billion, up from about \$430 billion this year. Industrial production is expected to increase by 95 percent, and the number of privately-owned automobiles by 52 percent.

Past trends suggest that still more of our population will be concentrated in urban areas--more customers and fewer food producers. Further increases in concentration of buying power in the markets is almost certain, and similar concentrations necessarily will follow in selling and in production. Mass merchandising will be accelerated. Interest in the quality of our food supply will be greater as will be the interest in processed products, particularly convenience foods.

Greater competition may come from imports, but exports also are likely to increase. In the past five years about 80 percent of our vegetable imports, including potatoes, originated in Canada and Mexico. We import from them about 1.5 percent of our fresh vegetable production. Our exports of vegetables to Canada and Mexico total almost twice the volume imported from them.

In summing up these trends, perhaps you can begin to see the implications for the vegetable industry. By 1975, with increased population and greater consumer purchasing power, the demand for vegetables should be up about 20 percent in terms of volume. But these increases will not be spread evenly among all vegetables. Very probably the salad crops and processed vegetables will enjoy much of the increase. Fresh potato marketings will do well to maintain the current per capita rate, while more potatoes and sweetpotatoes will be consumed as processed products. Expansion of processing crops will favor areas where mechanization of harvesting can be utilized most advantageously, where harvest seasons are longest, or where it is feasible to store the commodity for later processing.

All marketing agencies in our food economy are today engaged in a desperate drive to increase marketing efficiencies--as the price of survival. To generally grease the wheels of the whole food marketing mechanism, and to

enable it to function more smoothly and efficiently, the Department of Agriculture offers a number of marketing services. These programs, administered by the Agricultural Marketing Service--or AMS, as we call it--include the market news service, promulgation of U. S. Grades, inspection services, and administration of certain regulatory statutes. In addition, AMS administers the Plentiful Foods Program, the National School Lunch Program, the Food Stamp Plan, and programs of assistance to needy persons.

In carrying out our responsibilities in the Fruit and Vegetable Division of AMS, we conduct market news and regulatory services and operate two standardization and inspection services, one for fresh fruits and vegetables, and the other for processed products. We are also responsible for marketing order programs, whereby producers and handlers may use quality or volume regulations to improve grower returns.

Our standardization specialists, with industry cooperation, have developed some 300 U. S. Grade Standards, of which about half are for fresh fruits and vegetables and the other half for processed products. And, we continually review existing standards in the light of changing marketing practices to make sure they are up to date.

Our "third party" inspection services--available on a fee-for-service basis--are familiar to many of you. For fresh fruits and vegetables, we provide shipping point inspection service, in cooperation with the States, in all of the principal producing areas in the country. One important aspect of the shipping point work is the inspection of raw products for processing. In recent seasons, more than a half-million carlot equivalents of fruits and vegetables have been inspected annually by this impartial service, to determine compliance with processor-grower contracts and as a basis for payment to growers. Federal inspection for fresh fruits and vegetables also is available in all the larger terminal markets.

A similar inspection service, operated by the Fruit and Vegetable Division, is available on processed fruits and vegetables through some 30 laboratories located in fruit and vegetable processing areas throughout the country. It is estimated that last year approximately 30 percent of the U. S. pack of canned fruits and vegetables, and 80 percent of the pack of frozen fruits and vegetables were inspected by this Service.

Another of the marketing services provided by the Fruit and Vegetable Division is the Market News Service. This service speeds timely reports on prices, supplies, and demand from coast to coast via a nationwide leased wire network, in order to provide growers, shippers and distributors with information essential for daily marketing decisions.

For many years we have been trying to aid vegetable growers by issuing Acreage-Marketing Guides for Vegetables. Each year before planting time, the Department sets forth the acreage that is considered advisable to be

planted to each of the more important vegetable crops. This is done for all areas and all seasons. Whether or not you follow the advice is entirely voluntary. The program has been continued for quite a few years, and we have found that, for the most part, when growers have kept acreage in line with the guides, few surplus problems have occurred. We think it's a good way to keep from producing more than the market can handle.

Administration of the Perishable Agricultural Commodities Act--generally known as PACA--is another important aspect of our work. This sets the ground rules for fair business dealings in the fruit and vegetable industry. Basically, these ground rules require living up to contracts, paying your bills promptly, keeping adequate records, and avoiding misbranding.

Our biggest job centers around enforcement of contracts. Each year, on the average, we handle some 2,000-3,000 complaints involving disputes between buyers and sellers. Most of these we try to settle on an informal amicable basis. In recent years, the amounts involved in such amicable settlements have run over \$1.2 million annually. Where an amicable settlement cannot be worked out, the law provides a procedure for filing of a formal complaint and adjudication of the dispute by the Department's Judicial Officer. Between 350 and 400 cases involving around \$500,000 annually have been settled in this way in the past several years.

In addition, our PACA offices each year receive thousands of inquiries and personal visits by industry members seeking advice as to their rights and responsibilities under the Act. The best time to head off disputes is before they arise. To avoid trouble in your contracts, be sure and be specific about the terms and conditions, and, above all, put it in writing.

Licenses are required of all commission merchants, brokers, and dealers, including certain growers, retailers and processors, to provide the means of making the Perishable Agricultural Commodities Act effective. Violation of the Act can result in suspension or revocation of a PACA license. This entire program is industry sponsored and industry financed. The annual license fee is used to cover the cost of administration.

Another part of the job of administering the Perishable Agricultural Commodities Act is that of preventing misbranding. Under the Act, it is unlawful to misrepresent either by word, act, stencil, label, or statement the character, kind, grade, quality, quantity, size, pack, weight, condition, degree of maturity, or State, country, or region of origin of products shipped in interstate or foreign commerce.

Our principal enforcement efforts consist of unannounced spot checks in the terminal markets, and, to a limited extent, in shipping areas. During the past fiscal year, a total of 883 firms were visited and 3,074 lots were examined. Most common violations are failure to comply with the grade marked on the container and short weight. In the terminals visited, 73 misbranding violations were disclosed, and in shipping areas 26 misbranded lots were found. Shippers corrected all misbranded lots prior to shipment.

When misbranded lots are found in the terminals, the produce must be regraded if it fails to make the grade or size marked, and repackaged if it is short weight, or the label must be corrected. For repeated and flagrant violations of the misbranding provisions of the Act, the penalty is suspension or revocation of the license of the packer or a shipper who sells for him.

In the challenging years ahead these marketing services of the Fruit and Vegetable Division undoubtedly will need to be changed and re-oriented to meet the needs of the times. You can help us on this score by advising us of your industry's special needs and requirements.

Much has been said in the past months about bargaining power, or the lack of farmers' ability to deal with large distributors on equal terms. What can be done about it? It appears quite clear that the trend continues toward larger scale marketing operations. The pressure of economics is forcing increased concentration of operations into fewer and fewer hands whether at the retail level, the processor level, or the grower level. You can see this about you every day. The survival of the individual grower is going to depend upon how he goes about increasing his power in the market place.

To date, no widespread program has been developed that will give growers the same bargaining power in the market which is enjoyed by other major groups in the economy. Labor has the collective bargaining power which gives it strength at the market place. Business has the mechanism of the corporation--an artificial person of great power--which can exert its strength in the market place. We haven't yet found a way to give the farmer comparable bargaining strength, but we can do the next best thing.

For those growers who lack the financing to expand their acreage and marketings enough to stand alone, an answer may be to join with other growers in order to do a more complete marketing job. This may be accomplished through organizing into farmer cooperatives or other groups. Group action is not always easy, but it is effective. I'm a firm believer in farmer-owned, farmer-controlled marketing organizations. If you can't organize among yourselves, you might tie up with a strong sales agency already in business. Only by some kind of group strength will growers develop the muscle in the market place that is needed to deal with large-scale buyers. Grower or grower-shipper organizations not only will have to be staffed with qualified professional sales personnel, but they will have to control enough volume of the desired commodities, quality, size, and other attributes to command the interest and attention of the large distributors.

This is a big order; but, in my judgment, there is no escape from it. I think it can be done. The industry simply must tool up to meet this challenge. Vegetable growers and all growers need to become better informed about the market and the demands of consumers. You must find a way to tell consumers about your product. Moreover, you know that you

have to place on the market a well-graded, good condition product worth telling consumers about. You can't afford to cut corners with half-way measures. And, you must sell the final customer, not just the marketing agent. Never lose sight of the old commandment: "Thou shalt not ignore those who eat your product." Remember, people don't have to eat particular foods. Every supermarket is full of an array of tempting alternatives.

The vital question is whether vegetable growers will take positive steps to guide their own destinies--to shape their own futures--as the challenges of the coming years unfold. I think they will. But it can't be done by individuals acting alone. I would strongly recommend that every grower organization create its own study group to explore this entire question with a view toward developing a positive program of industry action to meet their needs. This is the way a democratic society, steeped in the spirit of freedom of enterprise, meets its challenge of matching progress with progress. It is the only way I know by which growers may have a part in determining their own future in the complex, dynamic, challenging years ahead.

Two thousand four hundred years ago a Greek philosopher named Socrates observed that, "If a man does not know to what port he is sailing, no wind is favorable." It is up to all of us to decide which direction we are sailing and how best to get there. This will be one of the more crucial problems this industry must face in the coming years. We must navigate in the right direction and we must create a favorable wind. Your economic well-being will depend on the results of your decisions and actions. It is not something that you can resolute about and drop. It's not something to be legislated. It has to be resolved by growers working together, responsibly, to find the answers, to take a common position, to act and to accomplish. I commend this to your serious study.

